

House Engrossed Senate Bill

**FILED**

**JANICE K. BREWER  
SECRETARY OF STATE**

State of Arizona  
Senate  
Forty-eighth Legislature  
First Regular Session  
2007

CHAPTER 1

**SENATE BILL 1157**

AN ACT

AMENDING SECTIONS 42-1001 AND 43-105, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 2, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 3; RELATING TO TAXATION OF INCOME.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona;  
2 Section 1. Section 42-1001, Arizona Revised Statutes, is amended to  
3 read:

4 42-1001. Definitions

5 In this title, unless the context otherwise requires:

6 1. "Board" or "state board" means either the state board of tax  
7 appeals or the state board of equalization, as applicable.

8 2. "Court" means the tax court or superior court, whichever is  
9 applicable.

10 3. "Department" means the department of revenue.

11 4. "Director" means the director of the department.

12 5. "Internal revenue code" means the United States internal revenue  
13 code of 1986, as amended and in effect as of January 1, ~~2006~~ 2007, including  
14 those provisions that became effective during ~~2005~~ 2006 with the specific  
15 adoption of their retroactive effective dates but excluding all changes to  
16 the code enacted after January 1, ~~2006~~ 2007.

17 Sec. 2. Section 43-105, Arizona Revised Statutes, is amended to read:

18 43-105. Internal revenue code; definition; application

19 A. FOR PURPOSES OF COMPUTING INCOME TAX PURSUANT TO THIS TITLE, FOR  
20 TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2006 THROUGH DECEMBER 31,  
21 2007, "INTERNAL REVENUE CODE" MEANS THE UNITED STATES INTERNAL REVENUE CODE  
22 OF 1986, AS AMENDED, IN EFFECT ON JANUARY 1, 2007, INCLUDING THOSE PROVISIONS  
23 THAT BECAME EFFECTIVE DURING 2006 WITH THE SPECIFIC ADOPTION OF ALL FEDERAL  
24 RETROACTIVE EFFECTIVE DATES, BUT EXCLUDING ANY CHANGE TO THE CODE ENACTED  
25 AFTER JANUARY 1, 2007.

26 ~~A.~~ B. For purposes of computing income tax pursuant to this title,  
27 for taxable years beginning from and after December 31, 2005 through December  
28 31, 2006, "internal revenue code" means the United States internal revenue  
29 code of 1986, as amended, in effect on January 1, 2006, including those  
30 provisions that became effective during 2005 with the specific adoption of  
31 all federal retroactive effective dates, ~~but excluding any change to the code~~  
32 ~~enacted after January 1, 2006~~ AND INCLUDING THOSE PROVISIONS OF THE TAX  
33 INCREASE PREVENTION AND RECONCILIATION ACT OF 2005 (P.L. 109-222), THE  
34 PENSION PROTECTION ACT OF 2006 (P.L. 109-280) AND THE TAX RELIEF AND HEALTH  
35 CARE ACT OF 2006 (P.L. 109-432) THAT ARE RETROACTIVELY EFFECTIVE DURING  
36 TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2005 THROUGH DECEMBER 31,  
37 2006.

38 ~~B.~~ C. For purposes of computing income tax pursuant to this title,  
39 for taxable years beginning from and after December 31, 2004 through December  
40 31, 2005, "internal revenue code" means the United States internal revenue  
41 code of 1986, as amended, in effect on January 1, 2005, including those  
42 provisions that became effective during 2004 with the specific adoption of  
43 all federal retroactive effective dates and including those provisions of the  
44 Katrina emergency tax relief act of 2005 (P.L. 109-73), the energy tax  
45 incentives act of 2005 (title XIII of the energy policy act of 2005 (P.L.

1 109-58)) and the gulf opportunity zone act of 2005 (P.L. 109-135) that are  
2 retroactively effective during taxable years beginning from and after  
3 December 31, 2004 through December 31, 2005.

4 ~~E.~~ D. For purposes of computing income tax pursuant to this title,  
5 for taxable years beginning from and after December 31, 2003 through December  
6 31, 2004, "internal revenue code" means the United States internal revenue  
7 code of 1986, as amended, in effect on January 1, 2004, including those  
8 provisions that became effective during 2003 with the specific adoption of  
9 all federal retroactive effective dates and including those provisions of the  
10 working families tax relief act of 2004 (P.L. 108-311), the American jobs  
11 creation act of 2004 (P.L. 108-357), the Katrina emergency tax relief act of  
12 2005 (P.L. 109-73), the energy tax incentives act of 2005 (title XIII of the  
13 energy policy act of 2005 (P.L. 109-58)) and the gulf opportunity zone act of  
14 2005 (P.L. 109-135) that are retroactively effective during taxable years  
15 beginning from and after December 31, 2003 through December 31, 2004.

16 ~~D.~~ E. For purposes of computing income tax pursuant to this title,  
17 for taxable years beginning from and after December 31, 2002 through December  
18 31, 2003, "internal revenue code" means the United States internal revenue  
19 code of 1986, as amended, in effect on January 1, 2003, including those  
20 provisions that became effective during 2002 with the specific adoption of  
21 all federal retroactive effective dates and including those provisions of the  
22 working families tax relief act of 2004 (P.L. 108-311), the American jobs  
23 creation act of 2004 (P.L. 108-357), the jobs and growth tax relief  
24 reconciliation act of 2003 (P.L. 108-27), the military family tax relief act  
25 of 2003 (P.L. 108-121) and the medicare prescription drug, improvement, and  
26 modernization act of 2003 (P.L. 108-173) that are retroactively effective  
27 during taxable years beginning from and after December 31, 2002 through  
28 December 31, 2003.

29 ~~E.~~ F. For purposes of computing income tax pursuant to this title,  
30 for taxable years beginning from and after December 31, 2001 through December  
31 31, 2002, "internal revenue code" means the United States internal revenue  
32 code of 1986, as amended, in effect on March 9, 2002, including those  
33 provisions that became effective during 2001 with the specific adoption of  
34 all federal retroactive effective dates and including those provisions of the  
35 working families tax relief act of 2004 (P.L. 108-311), the American jobs  
36 creation act of 2004 (P.L. 108-357), the jobs and growth tax relief  
37 reconciliation act of 2003 (P.L. 108-27) and the military family tax relief  
38 act of 2003 (P.L. 108-121) that are retroactively effective during taxable  
39 years beginning from and after December 31, 2001 through December 31, 2002.

40 ~~F.~~ G. For purposes of computing income tax pursuant to this title,  
41 for taxable years beginning from and after December 31, 2000 through December  
42 31, 2001, "internal revenue code" means the United States internal revenue  
43 code of 1986, as amended, in effect on January 1, 2001, including those  
44 provisions that became effective during 2000 with the specific adoption of  
45 all federal retroactive effective dates and including those provisions of the

1 working families tax relief act of 2004 (P.L. 108-311), the American jobs  
2 creation act of 2004 (P.L. 108-357), the economic growth and tax relief  
3 reconciliation act of 2001 (P.L. 107-16), the job creation and worker  
4 assistance act of 2002 (P.L. 107-147) and the military family tax relief act  
5 of 2003 (P.L. 108-121) that are retroactively effective during taxable years  
6 beginning from and after December 31, 2000 through December 31, 2001.

7 ~~G.~~ H. For purposes of computing income tax pursuant to this title,  
8 for taxable years beginning from and after December 31, 1999 through December  
9 31, 2000, "internal revenue code" means the United States internal revenue  
10 code of 1986, as amended, in effect on January 1, 2000, including those  
11 provisions that became effective during 1999 with the specific adoption of  
12 all federal retroactive effective dates and including those provisions of the  
13 community renewal tax relief act of 2000 (P.L. 106-554), the installment tax  
14 correction act of 2000 (P.L. 106-573), FSC repeal and extraterritorial income  
15 exclusion act of 2000 (P.L. 106-519), the trade and development act of 2000  
16 (P.L. 106-200), the economic growth and tax relief reconciliation act of 2001  
17 (P.L. 107-16), the job creation and worker assistance act of 2002  
18 (P.L. 107-147) and the military family tax relief act of 2003 (P.L. 108-121)  
19 that are retroactively effective during taxable years beginning from and  
20 after December 31, 1999 through December 31, 2000.

21 ~~H.~~ I. For purposes of computing income tax pursuant to this title,  
22 for taxable years beginning from and after December 31, 1998 through December  
23 31, 1999, "internal revenue code" means the United States internal revenue  
24 code of 1986, as amended, in effect on January 1, 1999, including those  
25 provisions that became effective during 1998 with the specific adoption of  
26 all federal retroactive effective dates and including those provisions of the  
27 miscellaneous trade and technical corrections act of 1999 (P.L. 106-36), the  
28 ticket to work and work incentives improvement act of 1999 (P.L. 106-170),  
29 the community renewal tax relief act of 2000 (P.L. 106-554), the installment  
30 tax correction act of 2000 (P.L. 106-573) and the military family tax relief  
31 act of 2003 (P.L. 108-121) that are retroactively effective during taxable  
32 years beginning from and after December 31, 1998 through December 31, 1999.

33 ~~I.~~ J. For purposes of computing income tax pursuant to this title,  
34 for taxable years beginning from and after December 31, 1997 through December  
35 31, 1998, "internal revenue code" means the United States internal revenue  
36 code of 1986, as amended, in effect on January 1, 1998, including those  
37 provisions that became effective during 1997 with the specific adoption of  
38 all federal retroactive effective dates and including those provisions of the  
39 IRS restructuring and reform act of 1998 (P.L. 105-206), the tax and trade  
40 relief extension act of 1998 (P.L. 105-277), the surface transportation  
41 revenue act of 1998 (P.L. 105-178), the miscellaneous trade and technical  
42 corrections act of 1999 (P.L. 106-36) and the military family tax relief act  
43 of 2003 (P.L. 108-121) that are retroactively effective during the taxable  
44 years beginning from and after December 31, 1997 through December 31, 1998.

1           ~~J.~~ K. For purposes of computing income tax pursuant to this title,  
2 for taxable years beginning from and after December 31, 1996 through December  
3 31, 1997, "internal revenue code" means the United States internal revenue  
4 code of 1986, as amended, in effect on January 1, 1997, including those  
5 provisions that became effective during 1996 with the specific adoption of  
6 all federal retroactive effective dates and including the provisions of the  
7 taxpayer relief act of 1997 (P.L. 105-34), the IRS restructuring and reform  
8 act of 1998 (P.L. 105-206), the tax and trade relief extension act of 1998  
9 (P.L. 105-277) and the military family tax relief act of 2003 (P.L. 108-121)  
10 that are retroactively effective during taxable years beginning from and  
11 after December 31, 1996 through December 31, 1997.

12           ~~K. For purposes of computing income tax pursuant to this title, for~~  
13 ~~taxable years beginning from and after December 31, 1995 through December 31,~~  
14 ~~1996, "internal revenue code" means the United States internal revenue code~~  
15 ~~of 1986, as amended, in effect on January 1, 1996, including those provisions~~  
16 ~~that became effective during 1995 with the specific adoption of their~~  
17 ~~retroactive effective date and including those provisions of the small~~  
18 ~~business job protection act of 1996 (P.L. 104-188; 110 Stat. 1755), the~~  
19 ~~health insurance portability and accountability act of 1996 (P.L. 104-191;~~  
20 ~~110 Stat. 1936), the personal responsibility and work opportunity~~  
21 ~~reconciliation act of 1996 (P.L. 104-193; 110 Stat. 2105), the taxpayer~~  
22 ~~relief act of 1997 (P.L. 105-34), the IRS restructuring and reform act of~~  
23 ~~1998 (P.L. 105-206) and the tax and trade relief extension act of 1998~~  
24 ~~(P.L. 105-277) that are retroactively effective during taxable years~~  
25 ~~beginning from and after December 31, 1995 through December 31, 1996.~~

26           Sec. 3. Title 43, chapter 2, Arizona Revised Statutes, is amended by  
27 adding article 3, to read:

28                           ARTICLE 3. MISCELLANEOUS PROVISIONS

29           43-241. Time for performance of acts

30           A. NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE OR TITLE 1, IF  
31 THE LAST DAY FOR PERFORMING ANY ACT UNDER THIS TITLE FALLS ON A SATURDAY,  
32 SUNDAY OR LEGAL HOLIDAY, THE ACT IS CONSIDERED TIMELY IF IT IS PERFORMED ON  
33 THE NEXT DAY THAT IS NOT A SATURDAY, SUNDAY OR LEGAL HOLIDAY.

34           B. FOR THE PURPOSES OF THIS SECTION "LEGAL HOLIDAY" SHALL INCLUDE  
35 HOLIDAYS SPECIFIED IN SECTION 1-301 AND HOLIDAYS DETERMINED BY THE UNITED  
36 STATES SECRETARY OF THE TREASURY FOR THE PURPOSES OF SECTION 7503 OF THE  
37 INTERNAL REVENUE CODE.

38           Sec. 4. Retroactivity

39           Section 3 of this act applies retroactively to acts due to be performed  
40 under title 43, Arizona Revised Statutes, beginning from and after December  
41 31, 2006.

42           Sec. 5. Emergency

43           This act is an emergency measure that is necessary to preserve the  
44 public peace, health or safety and is operative immediately as provided by  
45 law.

APPROVED BY THE GOVERNOR APRIL 4, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 4, 2007.